

MoDOT Delivers in 2002

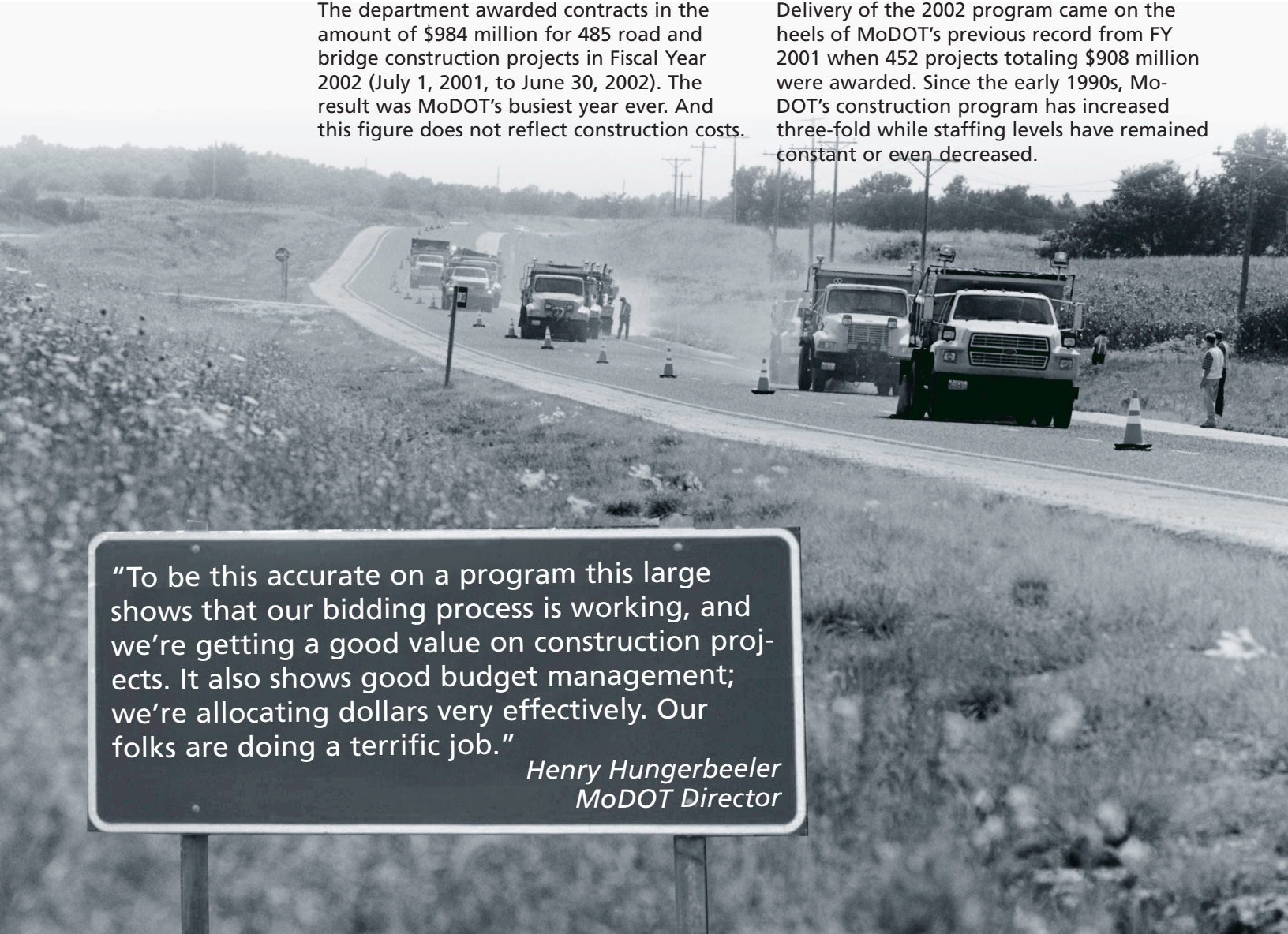
Largest-Ever Construction Program "Right On The Money"

MoDOT completed a record year for construction using bond financing and improved cost-estimating procedures to get the maximum benefit for each taxpayer dollar.

The department awarded contracts in the amount of \$984 million for 485 road and bridge construction projects in Fiscal Year 2002 (July 1, 2001, to June 30, 2002). The result was MoDOT's busiest year ever. And this figure does not reflect construction costs.

"Our highways desperately need improvement, and we've delivered at a cost that's right on the money," says MoDOT Director Henry Hungerbeeler.

Delivery of the 2002 program came on the heels of MoDOT's previous record from FY 2001 when 452 projects totaling \$908 million were awarded. Since the early 1990s, MoDOT's construction program has increased three-fold while staffing levels have remained constant or even decreased.



"To be this accurate on a program this large shows that our bidding process is working, and we're getting a good value on construction projects. It also shows good budget management; we're allocating dollars very effectively. Our folks are doing a terrific job."

*Henry Hungerbeeler
MoDOT Director*

MoDOT
fact

According to the Office of Administration, MoDOT has virtually the same number of employees in 2002 that it did in 1992. Other state agencies have raised employment numbers approximately 22 percent over the past 10 years.

A big reason for the accomplishment was that budgeted revenue was spent very efficiently.

"When we prepare projects for construction, we must carefully estimate how much they should cost, so we can budget accordingly," Hungerbeeler says. "This year, with more than \$900 million and nearly 500 projects to manage, our contract costs were 2 percent under what our estimates were. To be this accurate on a program this large shows that our bidding process is working, and we're getting a good value on construction projects," he adds. "It also shows good budget management; we're allocating dollars very effectively. Our folks are doing a terrific job."

Bond financing also helped, Hungerbeeler says. One-third of the project costs — more than \$300 million — were financed with bonds.

"We've accelerated many high-priority projects with bonds, and now we're really beginning to see some good results for our efforts," he says.

But this success must be kept in perspective, Hungerbeeler explains.

"These numbers are great, and we're getting a lot of work done, but that's only because we're going into debt to finance it," he says. "In a couple of years, when bond money runs out, new highway construction will virtually come to a halt if no new revenue is found. We'll only be able to use our remaining revenue almost entirely on existing roads.

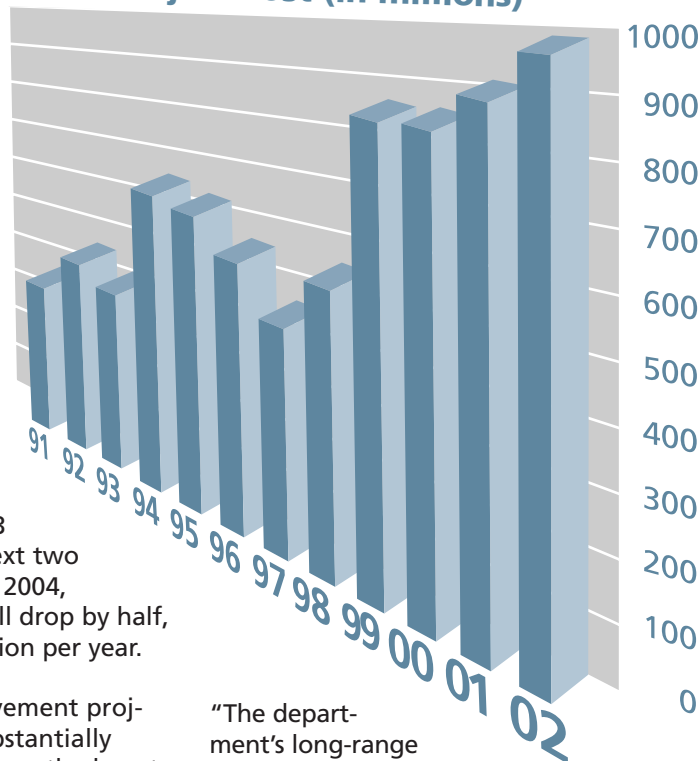
Repayment of bond issuances will cost about \$75 million a year after all currently committed bonds have been issued."

With additional bond-accelerated projects which began in 2002 and 2003, MoDOT's annual construction budget, which includes design and land-acquisition costs, will be about \$1.3 billion a year for the next two years. But beginning in 2004, construction funding will drop by half, to about \$600-\$700 million per year.

"The number of improvement projects will be reduced substantially beginning in 2004 because the boost from bond financing is scheduled to end, and there will be a lot of bond debt from previous years to pay off," Hungerbeeler says.

State Design Engineer Diane Heckemeyer says a number of factors helped MoDOT deliver a record program on time and on budget.

Total Project Cost (in millions)



"The department's long-range plan, mid-range investment strategy and bond financing enabled us to focus our efforts on those projects that were the highest priority," she says. "MoDOT's expeditious consultant-selection process, which has won awards for its qualifications-based criteria, also helped us to supplement our in-house capabilities."

Number of Projects

